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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte FRED C. CASTO, SCOTT J. SMITH,
JEFFERY G. NOWLIN, JOHN E. CHRISTENSEN,
JAY E. GREENE, TIMOTHY J. WALPUS, and SUNIL DEWAN

Appeal 2009-0217
Application 10/718,481
Technology Center 2600

Decided: February 10, 2009

Before KENNETH W. HAIRSTON, JOHN A. JEFFERY,
and THOMAS S. HAHN, *Administrative Patent Judges*.

HAIRSTON, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134 from the Examiner's final rejection of claims 1 to 15 and 23 to 28.¹ We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

The Invention

Appellants' invention is an automated method for preparation of radio-frequency devices for distribution to a recipient. The radio-frequency devices are encoded at a first station, and packages containing the encoded radio-frequency devices are labeled at a second station.²

Claim 1, reproduced below, is representative of the subject matter on appeal:

1. A method for automated preparation of radio-frequency devices for distribution, the method comprising:

receiving a plurality of the radio-frequency devices, each device comprising an embedded radio-frequency transponder;

sequentially moving each of the radio-frequency devices to a plurality of stations of a preparation device;

encoding, at a first station, a radio-frequency identification code assigned to the each of the radio-frequency devices;

identifying a recipient for the each of the radio-frequency devices; and

¹ Claims 16 to 22 have been canceled.

² See generally Abs.; Spec. ¶¶ 0001 and 0006-09; Figs. 1 and 2.

labeling, at a second station different from the first station, a package containing the each of the radio-frequency devices with a mailing address for the recipient.

Prior Art

The Examiner relies upon the following as evidence of unpatentability:

Tuttle	US 5,776,278	Jul. 7, 1998
Monahan	US 5,929,760	Jul. 27, 1999
Ohki	US 6,398,109 B1	Jun. 4, 2002
Appalucci	US 2003/0057276 A1	Mar. 27, 2003
Monico	US 6,557,758 B1	May 6, 2003

The following rejections are before us for review:

- (i) Claims 1, 2, 5 to 10, and 26 to 28 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Monico and Ohki.
- (ii) Claims 3 and 4 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Monico, Ohki, and Monahan.
- (iii) Claims 11 and 12 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Monico, Ohki, further, and Tuttle.
- (iv) Claims 13 to 15 and 23 to 25 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Monico, Ohki, and Appalucci.

Rather than repeat the arguments of Appellants or the Examiner, we refer to the Briefs and the Answer for their respective details.³ In this decision, we have

³ We refer to the (1) Appeal Brief filed August 6, 2007, (2) Examiner's Answer mailed November 15, 2007, and (3) the Reply Brief filed January 14, 2008, throughout this opinion.

considered only those arguments actually made by Appellants. Arguments which Appellants could have made but did not make in the Briefs have not been considered and are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(vii).

FINDINGS OF FACT

The record supports the following Findings of Fact (FF) by a preponderance of the evidence:

Appellants' Disclosure

1. As indicated *supra*, Appellants describe and claim an automated method for preparation of radio-frequency devices 100 for distribution (Figs. 1 and 2), wherein the radio-frequency devices 100 are received (step 212), encoded at a first station 132 (step 216), and packages 116 containing the radio-frequency devices 100 are labeled at a second station 138 (step 232) (claim 1; Spec. ¶¶ 0001 and 0006-09).
2. Appellants disclose that at the time of their invention it was known in the prior art to manually encode RF devices, package, and then distribute the RF devices, but that “[t]his process involves a significant manual component, and is consequently slow and costly” (Spec. ¶ 0004).
3. Appellants disclose a “need in the art for methods that improve automating the preparation of RF devices, particularly that may accommodate a variety of different types of objects” (Spec. ¶ 0005).
4. Appellants also disclose that the RF devices may be “prepared for distribution using existing equipment already adapted for preparation of objects having that size” (Spec. ¶ 0019).

Monico

5. Monico teaches a method (Fig. 1) for preparation of radio-frequency devices for distribution including receiving a radio-frequency device having an embedded transponder 22 (step 10), encoding a radio-frequency code assigned to the radio-frequency device (step 13; col. 2, ll. 17-20; col. 3, ll. 31-47), identifying a recipient for the radio-frequency device (col. 4, ll. 44-54), and labeling a package 23 containing the radio-frequency device with a mailing address for the recipient (step 12; col. 2, ll. 21-23; col. 3, ll. 31-39; col. 3, l. 60 to col. 4, l.-4).
6. Monico further teaches “utiliz[ing] RF technology to facilitate shipping and/or tracking of a packaged product, and providing for production thereof in a simple, inexpensive and effective manner.” (Col. 4, ll. 57-59).

Ohki

7. Ohki teaches a method for preparation of radio-frequency devices (*e.g.*, non-contact IC cards 1) for physical distribution (Fig. 1) including two distinct stations: a first station (Trade A) where an RF device is encoded (col. 2, ll. 59-62), and a second station (Trade B) where a package containing the RF device 1 is labeled (col. 5, ll. 53-59).
8. Ohki further teaches that a destination point (trade C) can receive information that has been kept secret while in route from other stations/points in the distribution chain (trades A and B) (col. 5, l. 56 to col. 6, l. 7).
9. Ohki discloses that there is a need in the art of product distribution to keep certain information secret between stations when conveying an

article/product from one station to another, and that RF devices are useful in this regard (col. 1, ll. 53-59).

ISSUE

The Examiner rejected all claims 1 to 15 and 23 to 28 using the basic combination of Monico and Ohki (*see* rejections (i) – (iv) discussed *supra*; Ans. 3-11). The Examiner relies on Monico to show all of the features of the recited claims except for the express teaching of two distinct stations, and relies on Ohki to show this missing feature (*see* Ans. 3-5).

The central issue before us is also the primary focus of Appellants' arguments, and concerns the Examiner's rejection (i) above with respect to claims 1, 2, 5 to 10, and 26 to 28 as being unpatentable over Monico and Ohki.

Appellants present three arguments in response to the rejection under § 103 of claims 1, 2, 5 to 10, and 26 to 28 over the combination of Monico and Ohki:

- (1) Monico's steps/procedures are manual and not automatic (App. Br. 5-6; Reply Br. 2);
- (2) Ohki's trade stations A-C are not stations of a preparation device (App. Br. 6); and
- (3) Secrecy is not proper motivation to modify Monico with Ohki (App. Br. 6), Ohki's distribution system is completely different from the recited "plurality of stations of a preparation device," and thus the combination would "make no sense" (Reply Br. 2).

Thus, the issue before us is: Have the Appellants demonstrated that the Examiner erred in determining that (i) Monico and Ohki are properly combinable,

and (ii) the combination teaches or suggests the method for automated preparation of radio-frequency devices for distribution, as broadly recited in representative claim 1?

PRINCIPLES OF LAW

Broadly providing an automatic way to replace a manual activity which accomplished the same result is not sufficient to distinguish over the prior art. *In re Venner*, 262 F.2d 91, 95 (CCPA 1958). An improved product in the art is obvious if that “product [is] not [one] of innovation but of ordinary skill and common sense.” *KSR Int’l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1742 (2007).

“An obviousness determination is not the result of a rigid formula disassociated from the consideration of the facts of a case. Indeed, the common sense of those skilled in the art demonstrates why some combinations would have been obvious where others would not.” *Leapfrog Ent., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1161 (Fed. Cir. 2007) (citation omitted). “The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *KSR*, 127 S. Ct. at 1739. “If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *Id.* at 1740.

The Examiner bears the initial burden of presenting a prima facie case of obviousness, and Appellants have the burden of presenting a rebuttal to the prima facie case. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992). Appellants have the burden on appeal to the Board to demonstrate error in the Examiner’s position. *See In re Kahn*, 441 F.3d 977, 985-86 (Fed. Cir. 2006).

ANALYSIS

Rejection (i): Claims 1, 2, 5 to 10, and 26 to 28 over Monico and Ohki

We select claim 1 as representative of the group consisting of claims 1, 2, 5 to 10, and 26 to 28, pursuant to our authority under 37 C.F.R. § 41.37(c)(1)(vii). We will sustain the Examiner's rejection with respect to representative claim 1 for the reasons that follow.

Claim 1 recites a method for automated preparation of radio-frequency devices for distribution, including receiving the RF devices, sequentially moving the RF devices to plural stations within a preparation device, encoding RF devices at a first station, identifying recipients for the RF devices, and labeling packages containing the RF devices at a second station (*see* claim 1). Broadly interpreted, claim 1 recites automation of known manual steps of a known RF device distribution method, and such automation is not sufficient to distinguish over the cited prior art. *Venner*, 262 F.2d at 95.

Appellants' invention as recited in representative claim 1 is nothing more than "the predictable use of prior art elements according to their established functions." *KSR*, 127 S. Ct. at 1740. Taking into account (a) the knowledge of one of ordinary skill in the art as in part acknowledged in the Specification (FF 2), (b) "the inferences and creative steps that a person of ordinary skill in the art would employ" (*KSR*, 127 S. Ct. at 1741), (c) Appellants' recognition of the market demand for a low cost automated method of RF device distribution (FF 3), (d) the fact that Appellants' claimed invention merely provides an automatic way to replace a manual activity which accomplished the same result (*Venner*, 262 F.2d at

95), and (e) Appellants not having submitted evidence of unexpected results as to using two distinct stations in Appellants' automated method, we conclude that Appellants' claimed methods would have been obvious to one of ordinary skill in the art in view of the combined teachings and suggestions of Monico and Ohki.

The Examiner has made a prima facie case of obviousness with respect to representative claim 1 (Ans. 4-7). *Oetiker*, 977 F.2d at 1445. The prima facie case is supported by articulated reasoning with a rational underpinning to support the legal conclusion of obviousness (*see* Ans. 4-7, 11-13; FF 5 and 7-9). Appellants have not convincingly demonstrated that the Examiner erred in rejecting representative claim 1, for the foregoing reasons and those that follow. *Kahn*, 441 F.3d at 985-86.

(1) Monico's steps/procedures are manual and not automatic

Appellants' arguments in this regard (App. Br. 5-6; Reply Br. 2) are unpersuasive in light of *Venner*, 262 F.2d at 95, as discussed above. Even if Monico were strictly drawn to a manual method as Appellants contend (App. Br. 5-6), Monico still teaches or suggests the receiving, encoding, identifying, and labeling steps of claim 1, and it would have been well within the level of skill of the ordinarily skilled artisan to implement a predictable variation of Monico's RF device preparation and distribution method which meets the remaining limitations of claim 1 ("sequentially moving ...," and first and second stations). *See KSR*, 127 S. Ct. at 1740. Furthermore, only ordinary skill and common sense would be required to automate the RF device preparation method of Monico. *KSR*, 127 S. Ct. at 1742. Furthermore, even assuming Monico's method is only manual in

operation, one of ordinary skill in the art would have been motivated to automate Monico's RF device preparation and distribution method, especially in view of Monico's recognition that it is desirable to use RF technology to facilitate tracking and shipping of packaged products in an efficient and cost effective manner (FF 6).

Appellants have not demonstrated or submitted any evidence that the particular arrangement of parts and stations for use in the method recited in claim 1 produces any unexpected results. Absent such a showing, we are persuaded that the manner and arrangement of parts/stations used to automate Monico's method would have been within the level of ordinary skill in the art. *See KSR*, 127 S. Ct. at 1742.

(2) Ohki's trade stations A-C are not stations of a preparation device

Appellants' contentions that Ohki's "trades" do not meet the claimed "stations" (App. Br. 6) are unpersuasive. Monico suggests at least three stations for use in an RF device preparation and distribution method, one for installing the RF devices (10 in Fig. 1), one for packaging a product (11 in Fig. 1), and at least one for labeling and encoding (12-14 and 17 in Fig. 1). As discussed *supra*, the particular arrangement of stations and parts used in performing an automated version of Monico's method would have been within the skill of the ordinary artisan. Further, choosing an arrangement of a first and second station for encoding and labeling, respectively, as taught in Ohki, would provide the advantage of maintaining certain information secret (Ans. 4-5 and 13; FF 7-9).

(3) Lack of motivation to combine Monico and Ohki

Appellants contend first that secrecy is not proper motivation to modify Monico with Ohki (App. Br. 6), second that Ohki's distribution system is

completely different from the recited “plurality of stations of a preparation device,” and third that the combination would thus “make no sense” (Reply Br. 2).

First, we agree with the Examiner that secrecy is adequate motivation to combine references. The Examiner has provided articulated reasoning with a rational underpinning to support the combination for the legal conclusion of obviousness (Ans. 4-5 and 13), and Appellants do not dispute that secrecy is a desirable improvement in the shipping and handling of valuable consumer goods, especially given the potential for theft of consumer information in the distribution chain.

Second, the Examiner is correct that Monico and Ohki are analogous art (Ans. 4). Both Monico and Ohki relate to RF device methods and systems in a packaging and shipping environment (*see* FF 5, 6, and 8). We agree with the Examiner that it would have been obvious to one of ordinary skill in the art to modify Monico with the distinct first and second station teachings of Ohki in order to maintain a high degree of secrecy when moving merchandise from one location to a different location (Ans. 4-5 and 13). Accordingly, we are not persuaded by Appellants’ argument that the Examiner erred in combining Monico with Ohki.

Third, the combination of Monico and Ohki makes sense and would have been obvious to one of ordinary skill in the art, especially in view of the fact that Monico and Ohki are analogous art (as discussed *supra*) along with the fact that Ohki provides a known improvement in the shipping and distribution of packages using RF devices.

For all the foregoing reasons, we will sustain the Examiner’s obviousness rejection of representative claim 1.

Appellant presents no separate argument for the patentability of claims 2, 5 to 10, and 26 to 28. We therefore sustain the Examiner's rejection of claims 2, 5 to 10, and 26 to 28 as being unpatentable under 35 U.S.C. § 103 over Monico and Ohki for the reasons expressed *supra* with respect to claim 1.

Rejections (ii) & (iii): Claims 3 and 4 Over Monico, Ohki, and Monahan; Claims 11 and 12 Over Monico, Ohki, and Tuttle

Appellants have not presented any separate arguments for the rejections of claims 3 and 4 over Monico, Ohki, and Monahan (rejection (ii)), or (2) claims 11 and 12 over Monico, Ohki, and Tuttle (rejection (iii)) (App. Br. 7). Therefore, we will sustain the rejections of these claims for the same reasons discussed with respect to representative claim 1 from which these claims depend.

Rejection (iv): Claims 13 to 15 and 23 to 25 Over Monico, Ohki, and Appalucci

Regarding the obviousness rejection of claims 13 to 15 and 23 to 25 over Monico, Ohki, and Appalucci (Ans. 9-11), we find that Appellants have not persuasively rebutted the Examiner's prima facie case of obviousness for these claims, but merely contend that the additional reference fails to cure the previously asserted deficiencies of Monico and Ohki (App. Br. 7-8). Therefore, we will sustain the rejection of these claims for the same reasons discussed above with respect to representative claim 1.

Summary

Appellants' arguments have not persuaded us of error in the Examiner's rejections of claims 1 to 15 and 23 to 28 under 35 U.S.C. § 103(a) as being unpatentable over various combinations of references (all using Monico and Ohki as base references). Appellants' arguments throughout the Briefs do not convince

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us that the Examiner erred in combining Monico and Ohki, or of any other error in the Examiner's positions with respect to the obviousness rejections. *See Oetiker*, 977 F.2d at 1445.

CONCLUSION OF LAW

Appellants have not shown that the Examiner erred in determining that (i) Monico and Ohki are properly combinable and (ii) the combination teaches or suggests the method for automated preparation of radio-frequency devices for distribution, as recited in representative independent claim 1.

ORDER

The decision of the Examiner to reject claims 1 to 15 and 23 to 28 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED

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